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C O N F I D E N T I A L SEOUL 001687

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SUBJECT: NORTH-SOUTH MINISTERIAL HITS RICE HEADWIND

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Classified By: POL M/C Joseph Y. Yun. Reasons 1.4 (b/d)

11. (C) SUMMARY: In a June 4 briefing for the diplomatic community, Um Jong-sik, Director-General for Unification Policy Planning at the Ministry of Unification (MOU), described the May 29 - June 1 inter-Korean ministerial talks as helpful in that the North Koreans showed up and did not walk out early despite the ROKG's decision to delay its rice assistance to North Korea until progress was made in implementing the February 13 "Initial Actions" agreement. Last summer during the 19th round of inter-Korean ministerial talks in Busan, South Korea, the talks ruptured when the DPRK failed to secure food aid amidst ROK and international concern over DPRK nuclear and missile issues (reftel). At the ministerial talks last week, however, the two Koreas reached a face-saving joint statement, formally closing the talks, noting that they would further study ways to improve inter-Korean reconciliation. The two Koreas still planned to hold Colonel-level military talks at Panmunjom on June 8, some 300 ROK civilians planned to attend festivities in Pyongyang to mark the June 15, 2000 inter-Korean summit, and the two Koreas planned to hold natural resource talks in North Korea later this month. Separately, Lee Jong-ju, MOU Director for International Cooperation told poloffs on June 4 that the two Koreas at the just-concluded ministerial talks essentially took a breather. END SUMMARY.

12. (C) On June 4, Ministry of Unification (MOU) Director-General for Unification Policy Planning Um Jong-sik gave a briefing to the diplomatic community on the May 29 - June 1 inter-Korean ministerial talks. Separately on June 4, Lee Jong-ju, MOU Director for Intentional Cooperation met with poloffs to discuss inter-Korean relations.

OPENING POSITIONS

13. (C) Ministry of Unification (MOU) Director-General Um Jong-sik told foreign diplomats on June 4 that the South's opening position at the May 29 - June 1 ministerial talks: (1) emphasized the importance of implementing the February 13 "Initial Actions" agreement expeditiously; (2) briefly laid out a vision for the establishment of a peace regime on the Korean Peninsula; and (3) proposed inter-Korean cooperation

projects, such as holding Defense Ministerial talks, promoting the Kaesong Industrial Complex, regularizing inter-Korean train travel, and resolving the issues of ROK POWs and abductees. Asked separately for clarification on what the ROK said about its vision for a peace regime, Lee Jong-ju, MOU Director for International Cooperation, told us that this was not a detailed proposal, but just a reiteration of the need to move beyond the current Armistice arrangement.

14. (C) For its part, the North insisted that it was important for the two Koreas to work together to address the factors that were undermining the development of inter-Korean relations, Um said. The North's opening statement actually referred to the "peoples of Korea" some twelve times, he said, which reinforced the DPRK's attempt to use this bilateral channel to appeal to Korean nationalism. The North Korean side pointed to political, military, and economic obstacles to greater inter-Korean reconciliation: (1) the ROK National Security Law and limits on ROK visitation to politically sensitive sites in North Korea; (2) U.S.-ROK joint military exercises; and (3) ROK limits on the trade of strategic and dual-use goods and technologies. These were non-starters from the ROK perspective, but the DPRK felt the need to table its issues, Um said.

RICE, 2/13 AGREEMENT, AND INTER-KOREAN RELATIONS

15. (C) After opening remarks, the focus of the inter-Korean ministerial talks centered on rice loans, the February 13 agreement, and inter-Korean relations, Um said. Coming into these talks, the DPRK had to know that the ROKG would not suddenly agree to send rice without Six-Party Talks (6PT) progress, so the North Koreans probably had a strict mandate to go through the motions without creating problems for future progress. In response, the ROKG confirmed that it would decide the timing and pace of the rice shipments in accordance with progress in implementing the 2/13 agreement and that without such progress the provision of rice would be unable to win ROK public support. To this, the North Korean side argued that all parties needed to make efforts to implement the 2/13 agreement; the DPRK was willing to implement the 2/13 agreement when the Banco Delta Asia (BDA) issue was resolved, Um said. Asked what would happen if the BDA issue remained unresolved, Um said he hoped that all sides, North Korea, China, and the United States would show more flexibility in reaching a resolution to the BDA issue. Um said the ROKG used the talks to join with the international community in sending the unified message that resolution of the North Korea nuclear issue was key to future progress for North Korea.

16. (C) On the promotion of inter-Korean relations, Um noted that the ROK delegation stressed that the two Koreas have to seek mutual understanding and cooperation to achieve greater reconciliation. The North, however, did not want to go into specifics on any issue other than rice assistance. The good news, Um said, was that North Koreans did not criticize South Korean policy in the manner of the past, indicating that the DPRK did not want to add more tension into the relationship.

NEXT STEPS

17. (C) Um noted that although the ministerial talks did not agree on a date for the next round of talks, inter-Korean relations were still moving ahead. The Koreas still planned to hold Colonel-level military talks on June 8, something that the DPRK had requested. He expected that some 300 South Korean civilians would attend festivities in Pyongyang marking the anniversary of the June 15, 2000 inter-Korean summit, although the ROKG had not yet decided how or whether it should attend the ceremonies. Finally, the ROK was planning on sending a survey team to North Korean Hamgyong Province for on-site inspections of natural resource projects June 25 to July 5, which is connected with the inter-Korean

agreement to send some USD 80 million worth of light industry raw materials to North Korea. These kinds of events serve as an indication of inter-Korean cooperation. As to the future of ministerial talks, Um said the fact the joint statement did not refer to a date for the next round was not overly problematic. North-South ministerial talks on average occurred every three to four months, so the ROK expected the next round would take place later this fall and could be arranged via other inter-Korean channels.

¶8. (C) Um concluded by saying that for the ROKG, the significance of the just-concluded talks was that they were held and completed as scheduled, considering the surrounding circumstances. To Seoul, this showed a mature inter-Korean relationship that could withstand difficulties. The talks also reaffirmed for the South that inter-Korean dialogue is a useful channel through which it can deliver its views on the nuclear issue to the North.

AN ACADEMIC'S VIEW OF INTER-KOREAN TALKS

¶9. (C) Separately, Ryoo Kihl-jae, Dean of Academic Affairs at Kyungnam University of North Korean Studies and a critic of ROKG engagement policy, told us during a June 4 meeting that the ROKG made a basic mistake by not making crystal clear at the last round of ministerial talks (February 27 - March 2) that rice aid would be contingent on implementation of the February 13 "Initial Actions" agreement. The North Koreans were understandably angry at not getting rice aid and might have come to Seoul to press the South to live up to its own commitment.

¶10. (U) The full text of the joint press statement follows (unofficial ROKG translation):
The 21st Inter-Korean Ministerial Talks were held in Seoul from May 29 to June 1, 2007.

At the talks, the two sides recognized the accomplishments and lessons of the past 20 rounds of inter-Korean ministerial talks and shared a view that the two sides should develop the inter-Korean relations to a higher level that coincides with the national spirit of the Korean people.

At the talks, the two sides thoroughly stated their respective positions and consulted in depth on fundamental and practical issues concerning the development of the inter-Korean relations.

The two sides agreed to further study issues related to promotion of peace on the Korean peninsula and inter-Korean reconciliation and cooperation in accordance with the basic spirit of the June 15 Joint Declaration.

END TEXT.
VERSHBOW